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C O N F I D E N T I A L SECTION 01 OF 02 BEIJING 001773

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SUBJECT: CHINA/INDIA: INDIAN EMBASSY READOUT ON FOREIGN
SECRETARY SARAN'S VISIT FOCUSES ON DIFFERENCES ON IRAN AND

SIPDIS

NEPAL

Classified By: Acting Political Minister Counselor
Robert Griffiths. Reasons 1.4 (b/d).

Summary

11. (C) India and China maintain different positions on Iran and Nepal, according to Indian Embassy Deputy Chief of Mission Vinay Kwatra. Providing a readout on Indian Foreign Secretary Shyam Saran's January 9-11 visit to Beijing and in follow-on discussion, Kwatra noted India's continued opposition to Iranian uranium enrichment and contrasted this with "Beijing's preference for indefinite negotiations." China cited nonintervention when discussing Nepal, while Saran highlighted India's support for the revival of Nepal's political parties alongside the monarchy. India will host the next phase of border demarcation talks in the first quarter of 2006. India views its civilian nuclear power accord with the United States as a strictly bilateral issue. India, China and Russia are developing a trilateral mechanism for consultations among their foreign ministers. End Summary.

India and China: Strategic Dialogue Partners

12. (C) Indian Embassy Deputy Chief of Mission Vinay Kwatra briefed Acting Polmincouns and Poloff January 25 on the visit of Indian Foreign Secretary Shyam Saran to Beijing, January 9-11. In this second annual China-India Strategic Dialogue, Saran held meetings with State Councilor Tang Jiaxuan, Foreign Minister Li Zhaoxing, Executive Vice Foreign Minister Dai Bingguo and Vice Foreign Minister for Asia Wu Dawei. The two sides discussed the full range of bilateral, regional and global issues facing the two countries. The first India-China strategic dialogue in New Delhi in January 2005, Kwatra noted, was dominated by planning for Chinese Premier Wen Jiabao's April 2005 visit. This year's talks focused on substantive issues.

China-India Differences on Iran

13. (C) Indian and Chinese positions on Iran are "not the same," Kwatra stated. India has made clear its position against continued uranium enrichment research by Iran. The Chinese emphasized the importance of seeking a diplomatic solution, he said.

14. (C) Kwatra said he previously served as Deputy Director General for Iran and Afghanistan and is familiar with the Iranian situation. India and Iran have several consultative mechanisms, including annual Foreign Minister-level talks. Kwatra said that he is unsure whether bilateral National Security Advisor talks that were held in the past continue, commenting that though India explained the impracticality of Iran's approach, these meetings were essentially an exchange of positions.

Differences on Nepal's Internal Situation

15. (C) The situation in Nepal was discussed at great length in the dialogue, according to Kwatra. China emphasized its principle of "noninterference in internal affairs" with respect to the King's monopolization of power. India and Nepal have a special relationship and their border is India's only completely open border, Kwatra noted. India strongly supports the restoration of the traditional three pillars of Nepali politics: the constitutional monarchy, the parliament/political parties, and the people. The King should allow the revival of independent political parties.

Sino-Indian Border Talks Set For Early 2006

16. (C) India expects to host the second phase of Sino-Indian border talks in the first quarter of this year. The issue was discussed only briefly during the Saran's meeting with Dai Bingguo. For the border talks, India's National Security Advisor Narayanan and China's EVFM Dai meet on a separate track as Special

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Representatives of their respective Prime Ministers. The first phase of talks, concluded late in 2005, reached consensus on the principles and parameters of the talks. India seeks a "comprehensive packet" solution to border demarcation. The second phase will be tougher than the first, Kwatra stated, because it needs to resolve "nitty-gritty" issues along the border.

U.S.-India Civilian Nuclear Cooperation

17. (C) Both sides raised India's civilian nuclear cooperation accord with the United States during the talks, Kwatra said. India's position is that the agreement should be seen in a strictly bilateral context. Furthermore, India's record under the Missile Technology Control Regime (MCTR) is "second to none." The Chinese did not voice dissatisfaction with the U.S.-India arrangement, according to Kwatra.

Russia-India-China Trilateral Mechanism

18. (C) India is developing a trilateral consultation mechanism with Russia and China at the Foreign Minister level, Kwatra said. The initial meeting was held earlier in 2005. The next meeting is planned for July 2006. The discussions focus on energy and economic issues.

UNSC Reform

19. (C) Regarding India's interest in UN Security Council reform, Kwatra reported that the Chinese said they support India's participation, but cannot support

the G-4 because of the inclusion of "a certain country."

Overall Direction of Cooperation

¶10. (C) India and China have expanded contacts and institutional cooperation mechanisms since 2000, Kwatra summarized, expanding from economic issues to agriculture, health, and educational exchanges. The two sides have established dialogues on counterterrorism, energy, trade and hydrocarbon emissions. China has become India's second-largest trade partner, after the United States, with total annual trade volume of USD 18.5 billion. Joint projects have diversified to include tuberculosis research, WTO positions and global issues. The two countries' similar levels of population, economy and development drive their common interests, according to Kwatra.
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